

Washington State Auditor's Office

Audit Report

Audit Services

Report No. 58198

CITY OF NEWCASTLE

King County, Washington

January 1, 1995 Through December 31, 1995

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CITY OF NEWCASTLE
King County, Washington
January 1, 1995 Through December 31, 1995

**Independent Auditor's Report On Compliance With State
Laws And Regulations**

City Council
City of Newcastle
Newcastle, Washington

We have audited the general-purpose financial statements, as listed in the table of contents, of the City of Newcastle, King County, Washington, as of and for the fiscal year ended December 31, 1995, and have issued our report thereon dated November 25, 1996.

We also performed tests of compliance with state laws and regulations as required by *Revised Code of Washington* (RCW) 43.09.260. This statute requires the State Auditor to inquire as to whether the city complied with the laws and the *Constitution of the State of Washington*, its own ordinances and orders, and the requirements of the State Auditor's Office.

Compliance with these requirements is the responsibility of the city's management. Our responsibility is to make a reasonable effort to identify any instances of misfeasance, malfeasance, or nonfeasance in office on the part of any public officer or employee and to report any such instance to the management of the city and to the Attorney General. However, the objective of our audit of the financial statements was not to provide an overall opinion on compliance with these requirements. Accordingly, we do not express such an opinion.

The results of our tests indicated that, with respect to the items tested, the city complied, in all material respects, with the applicable laws and regulations referred to in the preceding paragraphs. However, we noted an instance of noncompliance of regulatory requirements immaterial to the financial statements which is identified in the Schedule of Findings accompanying this report. With respect to items not tested, nothing came to our attention that caused us to believe that the city had not complied, in all material respects, with those provisions.

This report is intended for the information of management and the city council and to meet our statutory reporting obligations. This report is a matter of public record and its distribution is not limited. It also serves to disseminate information to the public as a reporting tool to help citizens assess government operations.

BRIAN SONNTAG, CGFM
STATE AUDITOR

CITY OF NEWCASTLE
King County, Washington
January 1, 1995 Through December 31, 1995

Schedule Of Findings

1. Annual Financial Reports Should Be Filed Timely

The City of Newcastle's 1995 annual financial reports were not filed with the State Auditor's Office until March 1997.

RCW 43.09.230 states:

The state auditor shall require from every taxing district . . . financial reports covering the period of each fiscal year . . . in accordance with the forms and methods prescribed by the state auditor . . .

Such reports shall be prepared, certified, and filed with the state auditor within one hundred fifty days after the close of each fiscal year.

Failure to prepare and file timely annual financial reports denies the taxpayers a complete picture of the city's financial position and precludes the city council from having meaningful information for decision making.

These reporting deficiencies were due to changes in personnel.

We recommend that future annual financial reports be prepared and filed within the statutory deadline.

Auditee's Response

Senior Accountant, Maria Richardson responded to a preliminary draft of our finding in a letter dated March 6, 1997. Portions of that letter have been included here.

In response to the State Auditor's finding for the late filing of the 1995 annual report for the City of Newcastle, the lateness of the 1995 report was in large part caused by the conversion to in-house financial services from a contract finance office without the allocation of adequate time and resources to prepare the report in a timely manner. This situation was exacerbated by the maternity leave of a key finance staff person during a critical time for the preparation of financial information.

Management acknowledges the need to ensure the timely filing of reports and has the intent of making a concerted effort to produce the 1996 report on a timely basis. This effort will be made more difficult by the recent turnover in the finance office and the fact that there is currently only one person capable of producing a financial

report as extensive as the annual report. Our definitive goal is to produce the 1997 report on time.

CITY OF NEWCASTLE
King County, Washington
January 1, 1995 Through December 31, 1995

Independent Auditor's Report On Financial Statements

City Council
City of Newcastle
Newcastle, Washington

We have audited the accompanying general-purpose financial statements of the City of Newcastle, King County, Washington, as of and for the fiscal year ended December 31, 1995, as listed in the table of contents. These financial statements are the responsibility of the city's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the City of Newcastle, at December 31, 1995, and the results of its operations for the fiscal year then ended, in conformity with generally accepted accounting principles.

BRIAN SONNTAG, CGFM
STATE AUDITOR

November 25, 1996